

heavily regulated industries in America. However, as George Kaufman, the John Smith Professor of Banking and Finance at Loyola University in Chicago, and co-chair of the Shadow Financial Regulatory Committee, pointed out in a study for the CATO Institutes, the FDIC's history of poor management exacerbated the banking crisis of the eighties and nineties. Professor Kaufman properly identifies a key reason for the FDIC's poor track record in protecting individual depositors: regulators have incentives to downplay or even cover-up problems in the financial system such as banking facilities. Banking failures are black marks on the regulators' records. In addition, regulators may be subject to political pressure to delay imposing sanctions on failing institutions, thus increasing the magnitude of the loss.

Immediately after a problem in the banking industry comes to light, the media and Congress will inevitably blame it on regulators who were "asleep at the switch." Yet, most politicians continue to believe that giving the very regulators whose incompetence (or worst) either caused or contributed to the problem will somehow prevent future crises!

The presence of deposit insurance and government regulations removes incentives for individuals to act on their own to protect their deposits or even inquire as to the health of their financial institutions. After all, why should individuals be concerned with the health of their financial institutions when the federal government is insuring banks following sound practices and has insured their deposits?

Finally, I would remind my colleagues that the federal deposit insurance program lacks constitutional authority. Congress' only mandate in the area of money, and banking is to maintain the value of the money. Unfortunately, Congress abdicated its responsibility over monetary policy with the passage of the Federal Reserve Act of 1913, which allows the federal government to erode the value of the currency at the will of the central bank. Congress' embrace of fiat money is directly responsible for the instability in the banking system that created the justification for deposit insurance.

In conclusion, Mr. Speaker, H.R. 3717 imposes new taxes on financial institutions, forces sound institutions to pay for the mistakes of their reckless competitors, increases the chances of taxpayers being forced to bail out unsound financial institutions, reduces individual depositors' incentives to take action to protect their deposits, and exceeds Congress's constitutional authority. I therefore urge my colleagues to reject this bill. Instead of extending this federal program, Congress should work to prevent the crises which justify government programs like deposit insurance, by fulfilling our constitutional responsibility to pursue sound monetary policies.

Mr. NEY. Mr. Speaker, I rise in support of H.R. 3717, the "Federal Deposit Insurance Reform Act of 2002."

I want to commend my colleagues, MIKE OXLEY, the chairman of the House Financial Services Committee and SPENCER BACHUS, the chairman of the House Financial Institutions Subcommittee, for crafting sound legislation to improve the federal deposit insurance system. This bill will reform the FDIC so that it can continue to provide the stability that Americans have depended on for years.

Last year, I introduced H.R. 1293, the "Deposit Insurance Stabilization Act." This bipar-

tisan piece of legislation addressed three of the most pressing needs of the deposit insurance system. My legislation merged the Bank Insurance Fund and the Savings Association Insurance Fund into a single sounder deposit insurance fund. My legislation also eliminated the 23 basis point cliff facing FDIC-insured institutions if the deposit insurance fund were required by law to be recapitalized. I am pleased that both of these provisions are included in the bill before us today.

My legislation included a third important component, commonly referred to as the "free rider" provision. This provision would give the FDIC statutory authority to assess a special premium on any insured institution with excessive net deposit growth. It was drafted to address the possible dilution of the deposit insurance fund by a handful of institutions. It was not meant to serve as a penalty or impediment to legitimate growth, but rather as an equitable to ensure that the cost of doing the business of deposit insurance is borne by those who benefit from that business.

I was pleased that the Ney free rider provision was included as part of this bill, as reported by the Financial Services Committee. It represented a good faith effort to fairly resolve a problem first brought to my attention by bankers in my state and across the country.

Unfortunately, because of the controversy it generated, this provision is not part of the managers' amendment before us today. While other provisions of the managers' amendment address the free rider problem, the absence of statutory authority for the FDIC to deal with prospective free riding could remain a problem. I am anxious to work with my colleagues in Congress and organizations like America's Community Bankers to adequately address this problem as this bill moves forward.

Again, I would like to commend the sponsors of this bill for addressing the challenges facing the federal deposit insurance system, and urge my colleagues to support this bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Alabama (Mr. BACHUS) that the House suspend the rules and pass the bill, H.R. 3717, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present have not voted in the affirmative.

Mr. BACHUS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

#### CONFERENCE REPORT ON H.R. 3448, PUBLIC HEALTH SECURITY AND BIOTERRORISM PREPAREDNESS AND RESPONSE ACT OF 2002

Mr. TAUZIN (during consideration of H.R. 3717) submitted the following conference report and statement on the bill (H.R. 3448) to improve the ability of the United States to prevent, prepare for, and respond to bioterrorism and other public health emergencies.

See pages H2691 of the RECORD of May 21, 2002

#### PAYING TRIBUTE TO WORKERS IN NEW YORK CITY FOR RESCUE, RECOVERY, AND CLEAN-UP EFFORTS AT SITE OF WORLD TRADE CENTER

Mr. OSE. Mr. Speaker, I move to suspend the rules and agree to the resolution (H. Res. 424) paying tribute to the workers in New York City for their rescue, recovery, and clean-up efforts at the site of the World Trade Center.

The Clerk read as follows:

##### H. RES. 424

Whereas on September 11, 2001, terrorists hijacked four civilian aircraft, crashing two of them into the towers of the World Trade Center in New York City;

Whereas these attacks were by far the deadliest terrorist attacks ever launched against the United States, claiming the lives of more than 3,000 innocent people;

Whereas in the aftermath of the attacks, without showing any hesitation, public safety officers, steel workers, electricians, construction workers, and thousands of skilled workers and volunteers spent endless days and nights, many without sleep for over 36 hours, risking their own lives to assist in the search for and rescue of anyone that might have survived the devastation at the site of the World Trade Center, which has come to be known as "Ground Zero";

Whereas the resolve of our nation was strengthened by the courage of the thousands of brave rescue and recovery workers who used their own hands in the hours and days after September 11th to this day to remove rubble from the site to locate those trapped and buried beneath the debris of the World Trade Center;

Whereas these workers inspired the American people with their extraordinary bravery and heroism, often risking their own life and limb to help find the remains of those who perished on September 11th;

Whereas many rescue and recovery workers were not just searching for a stranger but rather their lost son, daughter, aunt, uncle, brother, sister, husband, wife, mother, father, lifelong friend, or co-worker; each of these workers were helping to clear the debris just hoping to come across any one of their loved ones;

Whereas people, not only in New York but across the nation, worked to supply Ground Zero workers with such things as food and water, clothing, and medical supplies, surmounted numerous challenges and difficulties in securing and distributing these goods, and made it happen within hours and continuing still today, never once looked at how difficult it might be to get supplies, but rather went out and did whatever it took to ensure that the needs for those supplies were met;

Whereas local businesses, churches, and citizens opened their doors to police, fire, and other workers with places to sleep, eat, or even simply pray;

Whereas the selflessness displayed by the rescue and recovery workers helped unify our nation, bringing together good people to demonstrate to the forces of terror that good would triumph over evil;

Whereas all involved in the efforts at Ground Zero were working unselfishly beyond the point of exhaustion without regard for food, water, or sleep, simply to save and recover anyone and everyone possible; and

Whereas the recovery effort will conclude after more than nine months of hard work, removing over 1.6 million tons of debris while at the same time taking great care to collect all victims' remains, thereby allowing more than 1,000 families to lay their loved ones to rest: Now, therefore, be it